Exploratory Study: Vehicle Mileage Fees in Texas

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Research sponsored by the Texas Department of Transportation
“The approach here is simply a realization of the practical political facts of life that the Government is not going to get out of that gas-tax field. So it is a question of relaxing and enjoying it, I think, rather than changing our minds.”

Governor Walter Kohler, Jr. of Wisconsin

Congressional Hearing on the National Highway Program
May 4, 1955
**Why Mileage-Based Fees?**

- **Revenue**
  - The fuel tax will become a less sustainable and less equitable proxy fee for road use into the future
  - Mileage-based fees represent charging for actual use

- **System management and other policy objectives**
  - Congestion management
  - Environmental benefits
  - Impacts by user type

- **Revenue allocation**
  - Allocate resources based on use
Who is Exploring Mileage Fees?

• Research and testing underway at state and national levels to explore mileage fee applications
  – National commissions
  – Federal research and evaluation
  – State-level studies and pilot projects

• Represents a significant change over current system
Purpose and Scope of Texas Study

Purpose of Study
To explore vehicle mileage fees as a possible funding mechanism for Texas

Study Scope
• Document the state-of-the-practice in mileage fees
• Gather input and perspectives from Texans, both driving public and stakeholders
• Engage a panel of technology experts to provide input on possible deployment options
• Develop concepts for consideration
Study Scope - Focus Groups

Yoakum – Dallas – Laredo – Abilene - Corpus Christi

• Recruitment and composition
• Topics discussed
  – Transportation funding and fuel tax basics
  – Mileage fee concept
    • Technology options - low, medium, high tech
    • Payment and transition
• Focus group findings
  – Lack of knowledge of fuel tax and transportation funding
  – Negative reaction to mileage fees
  – Consistency in concerns raised: privacy, cost, enforcement
  – Preferences: low tech, no single annual payment, pay-at-the-pump

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Challenges: Public Acceptance Barriers

• Most view implementation as unworkable
  – Privacy
  – Cost of administration
  – Enforcement

• Rationale has not been adequately established with the general public

• New funding mechanism raises fairness concerns
  – Perceived burden on rural and low income drivers
  – Perceived penalty to fuel-efficient vehicles
Opportunities: Potential Application

• Vehicle mileage fees are seen as logical and sustainable for a long-term solution
• Mileage fees support a “pay for use” principle more effectively than the fuel tax
• Simple solutions have greater support (i.e., low tech preferred over high tech)
• Demonstrations are valuable in showing how the concept might work, particularly demonstrations that address public concerns
Study Findings

• Mileage fees are viewed as a logical replacement for the fuel tax, but public resistance is significant
  – The public’s lack of clarity on how transportation is funded contributes to resistance
  – There are many outstanding policy issues and practical implementation questions

• Primary recommendation:
  Test mileage fees with a pilot demonstration on electric vehicles
  – Small percentage of vehicle fleet
  – Electric vehicles fall outside the fuel tax collection system
  – Public feedback: a logical user group to test
Study Findings

• Advantages of implementation on electric vehicle fleet
  – Captures a road usage fee from vehicles that do not pay fuel tax
  – Allows testing of the full range of privacy, system administration and enforcement aspects
  – Serves as a demonstration for potential phase-in of other vehicles

• Suggested deployment concept
  – Piggy-back existing systems/processes
  – Base system of odometer readings from vehicle inspection
  – Experimental opt-in system with GPS-based device to allow discounting of out-of-state mileage
Questions?

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